

DAY SERVICES FOR SCHOOL GRADUATES WITH MENTAL RETARDATION



**A Special Report Prepared for the
Fairfax County Board of Supervisors
March 10, 2004**



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Charge from the Board of Supervisors June 30, 2003

"Acknowledging the work that has been done by the Human Services Council and the Community Services Board regarding the study of the Mental Retardation graduate program. County staff is directed to undertake a review of these and other recommendations regarding the current and future cost of the program and options for enhancing the sliding fee scale to reduce the County's share of these costs. In addition, information should be provided to the Board regarding the impact of the growth of the MR graduate program on Mental Health and Alcohol and Drug Services rehabilitation programs. Proposed adjustments should be provided to the Board of Supervisors to be considered as part of the FY 2005 Advertised Budget Plan."

I. Introduction

This report presents findings and recommendations in response to the June 2003 charge from the Board of Supervisors. It also builds upon the work of the October 2002 *Joint Study on Services for School Graduates with Mental Retardation*.

The CSB's provision of day support and employment services provides entry into the adult service system for individuals with mental retardation who graduate from public and private schools.¹ This service array was developed to fulfill the Mission, Vision and Values of Mental Retardation Services of the Fairfax-Falls Church Community Services Board. These services provide for a seamless transition from federally mandated early intervention and public school programs to community based adult services. Because mental retardation is life-long, individuals who enter the program generally continue to receive services throughout their lifetimes although the level and intensity of services will vary over time.

Day supports and employment services for adults with mental retardation enable individuals to remain connected in their communities and, in many cases, become productive citizens, while providing family caregivers with much needed relief. Day and employment supports also build upon the investment the community has made in developing the skills of students while in school.

Mission

The mission of Mental Retardation Services is to empower and support people to achieve a self-determined and valued lifestyle.

Vision

We are committed to ensuring people receive individualized, quality services through community partnerships.

Values

- *Personalized and flexible supports*
- *Protecting health and safety and enriching the quality of life of people we serve*
- *Respecting individual choices*
- *Building on capacity*
- *Promoting community integration*
- *Anticipating and adapting to change*
- *Valuing excellence in our workforce*
- *Respecting diversity*

¹ For purposes of this report, students from the Fairfax City and Falls Church school systems have been included under "Fairfax County."

In most states, the continuation of support services for all eligible individuals with mental retardation is largely a state responsibility. Because Virginia historically has not provided adequate funds for the level of need that exists state-wide and in Fairfax County, the County traditionally has filled this funding gap for all eligible graduates, including both Medicaid-eligible and non-Medicaid eligible individuals.

This report builds upon and updates the work of the first study (the *Joint Study on Services for School Graduates with Mental Retardation, October 2002*) and presents findings and recommendations for addressing the needs of MR school graduates in FY 2005 and beyond.² This report outlines the recommended approach for developing new relationships and partnerships with consumers, families and vendors to meet the needs of individuals with disabilities, while continuing to serve as a steward of public funds.

While the primary purpose of this study was to examine ways to reduce reliance on County funding, the study has resulted in progress toward several complementary goals: to improve the efficiency and effectiveness of the service delivery system; to support consumers and family caregivers in planning their education program and post-secondary career; and to maintain high quality services. These four goals have been used to organize the recommendations contained in Section VIII.

In fulfilling the above goals and the charge from the Board of Supervisors, the following steps have been taken:

- Updated the five-year projections for the numbers of graduates who will enter the MR Adult Services system through FY 2009
- Analyzed the characteristics of the regional system of service provision to identify opportunities and constraints
- Identified opportunities for policy or procedural changes
 - To improve the timing and accuracy of transition planning data on the number of individuals eligible for services as well as the level and costs of services required
 - To redefine student eligibility criteria and clarify the definition of populations eligible and prioritized for County-funded services
 - To maximize existing and potential sources of funding through relationships with the state, the vendor community and families
- Further enhanced utilization management strategies to ensure efficient and effective use of services
- Expanded the dialog with the vendor community to maximize opportunities for entrepreneurial models of service delivery.

² The October 2002 *Joint Study on Services for School Graduates with Mental Retardation* contains findings and additional information on the services provided to individuals with mental retardation. Significant findings from the 2002 Study are included in Appendix B.

The following sections present findings and recommendations for each item. In preparing these recommendations, several meetings and public forums were held to solicit feedback and input from families of current students and upcoming graduates, as well as from advocates, members of the MR Committee of the CSB, school personnel and vendors. Feedback gained from these meetings has been incorporated into this report to the Board of Supervisors.

Should the Board of Supervisors concur, the CSB will proceed expeditiously to implement these recommendations and monitor their implementation. If adjustments are needed, the CSB will report back to the Board of Supervisors as necessary.

II. Review of the Program and Projections

This section provides a brief overview of existing day services and presents the June 2003 five-year projections for the number of graduates and the costs of serving them in the MR Adult Services system.

The CSB offers three types of services to support individuals with mental retardation and their families: residential services, respite care and day support. These services are funded with a combination of local, state and federal dollars, plus fees. Of the 1,985 adults and children served by Mental Retardation Services, 1,097 adults participate in day support services, either in a developmental model or in one of three employment service models as shown in Table 1. These services enable individuals to remain connected in their communities and, in many cases, become productive citizens while family caregivers obtain much needed relief.

- **Developmental services** are designed for consumers with the most severe and multiple disabilities, often requiring an extensive team of professionals that could include on site nursing and other medical supports. Consumers using this service, which is often provided in a specialized facility, are usually eligible to be funded through the MR Medicaid Waiver.
- **Sheltered employment** is designed for consumers who need the structure of a sheltered work site where the majority of people who are employed have disabilities. Sheltered employment settings provide moderate to intensive levels of supervision. Consumers at this level may also be eligible for MR Waiver funding.
- **Group supported employment** is designed for consumers who, with fewer than seven other individuals with disabilities and with the support of an on-site job coach, are able to work among a larger group of employees who have no disabilities. Consumers at this level may be eligible for MR Waiver funding.
- **Individual supported employment** is designed for consumers who have the least severe disabilities and who are able to work in a community setting as individual employees of businesses. Job coaches offer regular and timely interventions but are not always onsite. The Cooperative Employment Program, jointly-operated by CSB and the Department of Rehabilitative Services (DRS), is

an option for consumers who are ready for competitive employment with timely but minimal supports from a job coach.

Table 1: Mental Retardation Day Service Levels Total Caseload and Average Costs as of December 31, 2003			
Service Level	Average Annual Cost per Person	Number of Persons Receiving Services Total = 1,097 (100%)	Percent of Individuals at Each Service Level Funded by Medicaid vs. County
Developmental	\$25,600	334 (30%)	57% Medicaid / 43% County
Sheltered Employment	\$13,500 - \$18,500	153 (14%)	33% Medicaid / 67% County
Group/Enclave Employment	\$13,500 - \$17,000	386 (35%)	25% Medicaid / 75% County
Individual Employment	\$7,700	100 (9%)	100% County
Cooperative Employment	\$2,850	124 (11%)	100% County

The FY 2004 County funding for day services is shown in Table 2, below.

Table 2: Mental Retardation Program FY 2004 Day Service* County Budget**	
Service Level	Amount
Developmental	\$ 5,782,058
Sheltered Employment	\$ 2,129,902
Group Supported Employment	\$ 4,633,375
Individual Supported Employment	\$ 777,947
Subtotal for Contracted Services	\$ 13,323,282
Alternative Day Support (CEP)	\$ 410,963
Total for All Service Levels	\$ 13,734,245
* Does not include costs for transportation, case management, residential or other services.	
** The total amount of MR Waiver funds for day services received on an annualized basis for Medicaid-funded consumers is \$4,925,845.	

Each year, additional students with mental retardation complete their public school programs and apply to the CSB for adult services. Responding to this need, the Fairfax County Board of Supervisors has allocated new funding for these services annually for the past 17 years. Depending on State and County budget decisions, there may be FY 2005 graduates for whom funding is not available. They will be placed on the waiting

list for services with other individuals for whom no funding is available, including prior year graduates and individuals who have entered the system through other means.³

Table 3 presents historical expenditures for Special Education Graduates, along with the June 2003 FCPS five-year projections for school graduates and the *original* projected costs for their day services, case management and transportation. The cost estimates in Table 3 reflect planning parameters in use prior to FY 2004, before the County began to apply the cost saving strategies detailed in this report.⁴

Table 3: Historical and Projected Expenditures* for Special Education Graduates for Day Support and Related Services June 2003 Projections						
Fiscal Year	Number of New Special Education Graduates	Breakdown of County Funding for New Graduates, FY 2005 to FY 2009			Total Annual Funding for New Graduates	Cumulative Baseline Budget Funding for All New and Former Graduates
		Case Management	Day Services	Transportation		
FY 1991	35				\$503,109	\$4,000,000
FY 1992	37				\$608,972	\$4,608,972
FY 1993	47				\$832,210	\$5,441,182
FY 1994	39				\$500,000	\$5,941,182
FY 1995	41				\$677,638	\$6,618,820
FY 1996	57				\$975,524	\$7,594,344
FY 1997	57				\$1,106,219	\$8,700,563
FY 1998	59				\$1,061,000	\$9,761,563
FY 1999	57				\$962,921	\$10,724,484
FY 2000	73				\$1,328,160	\$12,052,644
FY 2001	87				\$1,267,394	\$13,320,038
FY 2002	88				\$1,438,921	\$14,758,959
FY 2003	94				\$1,373,033	\$16,131,992
FY 2004	81/19**				\$359,000**	\$16,490,992
FY 2005	79	\$55,850	\$1,049,200	\$467,500	\$1,572,550	\$18,063,542
FY 2006	101	\$55,850	\$1,247,150	\$501,500	\$1,804,500	\$19,868,042
FY 2007	93	\$55,850	\$1,247,200	\$493,000	\$1,796,050	\$21,664,092
FY 2008	87	\$55,850	\$1,161,800	\$484,500	\$1,702,150	\$23,366,242
FY 2009	84	\$55,850	\$1,139,900	\$467,500	\$1,663,250	\$25,029,492

* Projections for FY 2005 and beyond are based on original FCPS June 2003 projections and have NOT been adjusted to reflect the recommendations detailed in this report, such as the age-22-at-graduation policy or other cost saving strategies. Out-year cost projections are in FY 2005 dollars and have not been adjusted for inflation or contract rate adjustments.

** In FY 2004, County funding was provided to serve only 19 graduates. Of the remaining 62 individuals, 33 students were under age 22 and deferred graduation, and 29 were served through a variety of other funding sources.

³ As of December 2003, there were 25 persons on the waiting list for day services.

⁴ Table 8 on page 28 of this report contains the revised estimate of the number of graduates and their costs of service after applying the strategies in this report.

III. Characteristics of the System

The service delivery system for mental retardation services has several important characteristics that both offer and constrain opportunities for change. This section describes the following primary characteristics and their impact on opportunities for change in the system:

- Reliance on a mix of directly-operated and contracted services;
- Regional cooperation among CSBs in contracting for services;
- Federal and State mandates for transition planning, but no entitlements for services;
- Case management services to support families and manage service integration;
- A reliance on Medicaid resources (both MR Waiver and Medicaid State Plan Option, or SPO); and
- A robust vendor community that operates region-wide with diverse sources of revenue.

Like other CSBs in the region, the Fairfax-Falls Church CSB provides services for adults with mental retardation through a mixture of directly provided and contracted services. Contracted services are provided by fourteen private sector providers. Because the contract providers serve consumers from across the region, the five local CSBs and the Northern Virginia Training Center work together to issue a joint Request for Proposals and operate a coordinated contract management process with the vendors, thus streamlining the process and ensuring consistency in rates and requirements across neighboring jurisdictions. While this regional cooperation provides many benefits for the jurisdictions, the vendor community and the consumers, there is an expectation that all parties will try to reach consensus prior to implementing any significant changes. This same spirit extends to many other services that rely on inter-jurisdictional cooperation in order to succeed.

The CSB system also operates under Federal and State mandates that govern the transition process from the public schools, primarily the Federal Individuals with Disabilities Education Act (IDEA). Under state-mandated Cooperative Agreements among the CSB, Virginia DRS, Falls Church Public Schools, Fairfax County Public Schools (including the City of Fairfax) and local private schools, the CSB is required to participate in transition planning activities to prepare for an individual's transition from school to adulthood, including eligibility and priority for CSB services such as case management, vocational services, and day supports. It should be noted that there is no Federal or State entitlement for day services for eligible individuals after graduation.

In accordance with the Code of Virginia (Section 37.1 - 197.1), CSB Case Management is the single point of entry for the service system and is the key to accessing funding for services. Case managers perform many key functions:

- Initial eligibility-determination and service need assessment

- Transition planning in collaboration with secondary schools
- Initiation and maintenance of Medicaid Waiver funding to private providers (as required by the State)
- Periodic re-assessment to ensure effective and efficient service utilization
- Ongoing service coordination and monitoring.

Recommendation

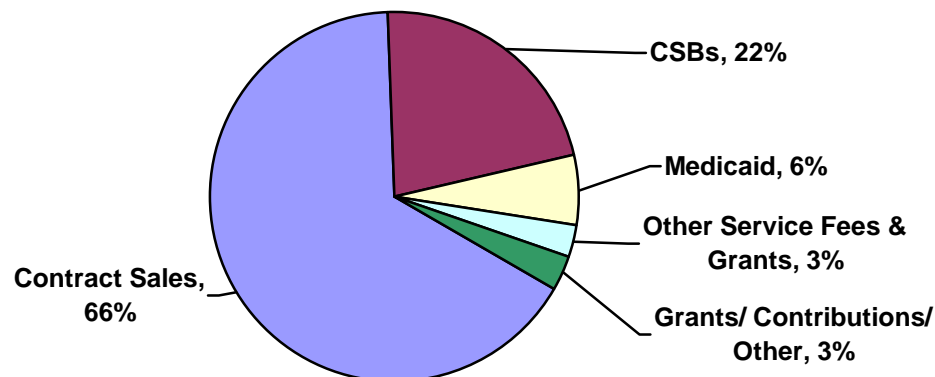
- ***Maximize Medicaid funding by ensuring sufficient case management capacity to maximize reimbursements.***

The cost of case management positions typically is fully-recoverable through monthly Medicaid Waiver and Medicaid SPO billable hours paid to the CSB for case management service coordination. This revenue cannot be realized without sufficient case management resources; generally, one additional position per year is sufficient to cover the caseload growth of the program and can draw down enough revenue to offset the cost of the position.

Northern Virginia is fortunate to have a robust regional network of fourteen private sector providers, most of whom provide services throughout the region or state and receive revenue from a variety of federal, state, local and private sector funding sources. The system is designed to foster entrepreneurial freedom and consumer choice. The system receives revenue from multiple funding streams, primarily Medicaid, private sector and government contract sales, DRS, DMHMRSAS, and local CSBs. These providers are far from dependent on CSB for their business; in fact, over three-quarters of FY 2002 revenues to vocational providers emanated from non-CSB sources, as shown the chart below. This provides considerable flexibility for vendors to maximize contract revenues and apply those funds to non-revenue producing services.

**Sources of Revenue for Private Day Service Providers in Northern Virginia
(Based on Annual Audit Reports for FY 2002)**

Total FY 2002 Revenue = \$80,484,563



IV. Findings and Recommendations for Policy or Procedural Changes to Address Funding for MR Graduates

The following sections outline major issues and policy or practice changes that have been analyzed, recommended or implemented by the CSB in response to the Board of Supervisors' June 2003 and earlier requests.

A. Steps Taken to Improve the Accuracy and Time Frame of Estimates

Beginning in FY 2003, CSB and FCPS have gradually accelerated the timelines for the transition from school to the MR Adult Service System. The revised time frame provides the CSB with earlier and better estimates of the number of school graduates and the levels of service they are likely to require, and also assists families and school personnel in planning well in advance for student transitions.

The CSB transition process for upcoming graduates historically has taken place throughout the student's final year of school. During the fall, FCPS would complete and return referral forms and obtain parent and student signatures to release names and school records to the CSB. Upon obtaining this information, CSB staff would schedule individual family/student meetings to complete the intake process throughout the fall and winter to determine the student's eligibility for services and the level of service needed. The process would be completed for graduating students by the spring of their final year, prior to their graduation but well beyond the timeframe for CSB to submit the budget request for their services.

Recommendations

- ***Accelerate the planning process so that service need and eligibility assessments will be completed no later than 25 months prior to the student's completion of school.***

During FY 2003 and FY 2004, the CSB gradually accelerated the timeframe for completing student intakes to the beginning of the student's final year in school. In early 2004, CSB will revise the Mental Retardation Intake Procedure (Procedure 3.02, attached) to accelerate the process even further and establish a "cut-off" date for applications to ensure that complete and accurate planning data is available for budget preparation, and to provide families and school personnel with earlier decisions on eligibility and service needs. Pursuant to the change, the transition intake process will be completed no later than two years and one month prior to the student's completion of school (e.g., a student who is to finish school in June 2006 will complete the transition intake process by May 2004). While this schedule change will reduce the uncertainty involved in the process, it is important to note that student circumstances and preferences may still change during the following two years. Appendix C illustrates the proposed timeline for transition services.

B. Steps Taken to Redefine Criteria for Student Eligibility and Funding Prioritization

1. Age-At-Graduation

Typically, special education students are scheduled to graduate upon completion of their individual education plans or with their senior class of non-disabled peers, but have the option of deferring graduation and remaining in school until the age of 22 as provided for under the Individuals with Disabilities Act. In early 2004, the CSB will revise the Mental Retardation Intake Procedure (Procedure 3.02) to use the age of 22 as a determinant in prioritizing the funding of services for upcoming graduates. Those under age 22 may still elect to leave school with remaining years of educational eligibility, but they will not be prioritized to receive local funding for day support services. Choosing to remain in school and receive education services until age 22 has benefits both for students and for the service system. Deferring graduation allows students additional time to learn daily living and vocational skills, basic academics, and other skills that can better prepare them for life after high school as they transition to adult life.⁵ The change also allows the service system to anticipate the number of graduates more accurately. (Appendix C lists the cut-off ages for determining the final year of entitled education.)

Recommendation

- ***Limit eligibility for local funding for day services only to those graduates who are 22 or older. Students who are age 18-21 may choose to graduate, but will not receive priority for local funding.***

Historically, the majority of individuals who defer graduation until age 22 tend to be more disabled, having serious physical limitations and/or functioning in the severe to profound levels of mental retardation. Students choosing not to defer graduation tend to function more with moderate to mild levels of mental retardation. Of the 79 individuals remaining who were scheduled to graduate in June 2004, 58 are aged 22 and must graduate. Fifteen are under age 22 and have one to three additional years of public education eligibility. Six have moved or have been determined to be ineligible for services.

The annual fiscal impact of delaying entry into the adult service system by one to four years will be greatest in the first four years after the change, and then will diminish gradually as the initial deferred graduates enter the system. In the long term, the system will realize a lower lifetime cost per graduate as a result of delayed entry into the service system as well as the higher skills and preparation for the adult world students gained from additional years of school. The potential five-year fiscal impact of this change is illustrated in Table 4 below. Note that savings are estimates only, and are based on extrapolated graduation dates. Actual student ages and graduation dates are not yet available to the CSB.

⁵ Crane, Amy. "Leave This Child Behind: Encouraging Students to Take Advantage of IDEA's Deferred Graduation Option," *Transition Times*, Vol. 10, Issue 1, Fairfax County Public Schools, Winter 2004.

Table 4: Estimated Fiscal Impact of Implementing Deferred Graduation Policy on Costs for Day Services and Transportation FY 2005 – FY 2009		
Year	Number of New Deferred Graduations per Year	Net Annual Costs Avoided from Current and Prior-Year Deferred Graduations
FY 2005	15	\$ 71,800
FY 2006	25	\$ 260,600
FY 2007	26	\$ 356,700
FY 2008	22	\$ 373,000
FY 2009	21	\$ 328,750

2. Redefining the Service Population

Historically, the CSB has been able to obtain significant local funding to augment the services funded for its service population through state and federal funding. Until recently, all eligible graduates from special education services in the schools have been funded for day support and employment services through a mixture of state, federal, and local funding and have not been placed on waiting lists for employment services with others in the adult service population.

Recent budget constraints at the State and local level have prompted the CSB to clarify its approach to allocating funds for day and employment support services across the service population and across funding streams. In the face of insufficient resources to meet the total need, the CSB will target funding to eligible individuals based on their disability and other risk factors affecting their need for day support services, such as individual and family/caregiver characteristics, needs and resources. CSB staff will develop a new tool to provide a better assessment of risk and day support needs, including a public process for review and comment on the tool to be completed by April 2004.

Recommendations

- ***Prioritize the use of additional Medicaid Waiver slots and any new County funding to provide services for those individuals most in need of services, taking into account their level of disability and their family support network.***
- ***Develop a new assessment tool to better assess individual risk and day support needs.***

3. Clarifying the Service Population to Match State Priority Populations

In early 2004, CSB staff will ask the CSB Board to approve a modification of the CSB's service population to match the DMHMRSAS priority populations, which currently include those persons with mental retardation only or those persons with mental retardation and autism/developmental disability. Individuals with a diagnosis of autism-only are not included in the CSB's service population. It should be noted

Recommendation

- ***Clarify the CSB's service population policy to match the state's priority populations, to include those persons with mental retardation only or those persons with mental retardation and autism/developmental disability.***

that statewide and national trends show a significant increase in the number of students with autism only and with autism spectrum disorders; these trends are projected to continue in the future. In Fairfax County, the biggest increase is seen in students currently between the ages of five and thirteen.⁶ These students will be eligible to graduate from the public schools beginning in FY 2010, with no clear source of funding or services in the public system. While the CSB actively supports the need for the state to address funding for this growing population, these individuals could not be served appropriately in the current MR system

without significant increases in funding and more specialized programs. Modifying the service population will enable the CSB to clarify public expectations and respond definitively to requests for services for this population. The CSB will continue to work with the schools to address the needs of individuals with co-occurring mental retardation and autism.

C. Options for Maximizing Existing and Potential Sources of Funding

This section presents options and recommendations for leveraging County dollars and maximizing other sources of funding through relationships with the state, the vendor community, consumers and families. For each type of funding below, the report addresses its current use, limitations, and options or recommendations.

1. Medicaid Waiver
2. Intermediate Care Facilities for Mental Retardation (ICF/MR)
3. Fees for Day Services
4. Other Federal, State and Local Programs
5. Private Pay Options
6. Local Funding

1. Medicaid Waiver

The Mental Retardation Home and Community Based Waiver, commonly referred to as Medicaid Waiver, is Virginia's primary Medicaid program to provide funding for vocational, day support and other services for people with mental retardation. In order to obtain Medicaid Waiver funding, an individual must meet financial and diagnostic eligibility criteria and be awarded a waiver "slot". Once an individual is awarded a slot, he/she is eligible to receive services from a public or private provider operating under a provider agreement with Virginia's Department of Medical Assistance Services (DMAS). In order to make use of the Medicaid Waiver, CSB must have adequate case management capacity. Case

⁶ State Disability Report, *Fairfax County Public Schools Special Education Projections* (December 2002).

managers are responsible for assigning available slots, performing necessary documentation and pre-authorization for services, ensuring reimbursement, and monitoring the ongoing service plan. The cost of this necessary case management is fully-reimbursable under the Medicaid Waiver.

As of December 31, 2003, there are 339 individuals with day services funded through the Medicaid Waiver. There are approximately 439 additional individuals identified in Fairfax County as eligible for Medicaid Waiver, but for whom no slots are available. Approximately two-thirds of those on the Waiver waiting list are still in school. The remaining 155 are receiving local funding for their day/employment support services. Of those eligible on the waiting list, 151 meet the State's criteria of having urgent need for services. Since the statewide number of slots is capped, the slots only are made available through an appropriations act by the General Assembly or through attrition, i.e. when an existing Medicaid Waiver recipient dies, moves into a Medicaid funded nursing home or other non-licensed facility, or moves out of Virginia. Whenever a slot becomes available, the CSB must follow guidelines established by the Department of Mental Health, Mental Retardation and Substance Abuse Services (DMHMRSAS) to award the slot to the candidate on the urgent need wait list determined to have the greatest need for services at that time. Individuals prioritized for slots usually have a priority need for residential services funding, and may or may not have vocational services funded by the CSB. Since Mental Retardation Services experiences on average 15 to 20 cases each year of individuals in emergency situations who are in need of long-term housing and support, these slots have been the only means of procuring services to handle emergency requests. The lack of Waiver slots has also resulted in a rapid increase in the number of individuals on the waiting list for residential or other services, regardless of their Waiver eligibility status. If there were more Waiver slots, local funding which is used for Waiver-eligible consumers could be used instead for those who are not Waiver-eligible. Table 5 on the next page illustrates this trend.

Recommendations

- ***Support statewide advocacy efforts to obtain more Waiver slots and state funding for those who are not eligible for Medicaid.***
- ***Support efforts to increase reimbursement rates and implement Medicaid reforms.***

There are opportunities to increase Medicaid funding for eligible individuals, but few are in local control. The first is to support advocacy and legislative efforts for the General Assembly to appropriate state funding for additional federal Medicaid Waiver slots. It is important to note that Fairfax County has no control or advance knowledge of the number of slots (if any) requested, nor over the number that would be allocated to the County. **In his 2005-2006 Proposed Budget, Governor Warner included 160 new mental retardation waiver slots, of which only 53 would be allocated to localities across the state for community-based services. However, these new slots are dependent on**

tax reform. If the Governor's proposal is adopted, Fairfax-Falls Church could reasonably expect to receive only a few of these 53 slots.

Table 5: One-Year Change in the Waiting List for Residential or Other Waiver Services			
Persons on Waiting Lists for Residential or Other Services	As of 1/30/2003	As of 2/04/2004	Percent Change
Waiver-Eligible	359	439	22%
<i>And Meets Urgent Need Criteria</i>	<i>148</i>	<i>151</i>	
Non-Waiver Eligible	276	308	12%
<i>And Meets Urgent Need Criteria</i>	<i>168</i>	<i>174</i>	
Total Waiting List	635	747	18%

The second possibility is for the County itself to allocate the matching funds necessary to draw down federal Waiver slots, with those slots earmarked for Fairfax-Falls Church. This option would require a policy change by the Virginia Department of Medical Assistance Services. However, other jurisdictions may raise concerns about the fairness of allowing the direct drawdown of Waiver slots by the few local jurisdictions with the resources to do so.

The third strategy for maximizing Medicaid is to support advocacy efforts to increase reimbursement rates and implement coverage reforms. Currently, services are reimbursed at set hourly rates established in 1991, the first year of Virginia's Medicaid Waiver program. In the thirteen years since 1991, the rates have been raised by only five percent. In fact, rates of reimbursement for Medicaid Waiver services are woefully inadequate and do not reflect the current actual costs of services in today's economy. In addition, many necessary services are not covered by Medicaid or have such restrictive reimbursement rules that the services are cost-prohibitive for providers to offer. The ability to bill for nursing services separately from the day services bundle is one example of a needed reform.

2. Intermediate Care Facilities for Mental Retardation (ICF/MR)

Intermediate Care Facilities for Mental Retardation (ICF/MR) are Medicaid-funded residential facilities that provide an intermediate level of nursing care to individuals with mental retardation. Provided for under Virginia's Medicaid Plan as an optional service, ICF/MR programs must provide an array of habilitation services, including day support services that can be purchased from private provider agencies. State facilities, or training centers, for persons with mental retardation are licensed as ICF/MR facilities through agreements with DMAS; public and private providers operate small-sized (usually 12 beds or less) community-based ICF/MR facilities. Medicaid funding is reimbursable for residential, therapeutic, day support and transportation services on a per diem

basis and at rates that are higher than Medicaid Waiver rates of reimbursement. At present, there are two community-based ICF/MR programs operating in Fairfax with a total of sixteen beds.

As a Medicaid optional service, if Virginia provides this service to some eligible individuals, then it is considered an entitlement to other eligible individuals who request the same service; however, in reality this service is not available in state to all who are eligible. Although the entitlement and full reimbursement aspects of community-based ICF/MRs make them an attractive option, there are significant downsides as well. The application and approval process to operate an ICF/MR is highly regulated by State code and follows the same process as a request to open a nursing home or other health care facility. Applications to the Virginia's State Department of Health require a fee, are accepted only twice a year, a Certificate of Public Need process must be followed, and approval or disapproval can take up to six months. Regulatory requirements are more stringent with respect to facility and building codes, staffing requirements, and program design and documentation. Starting around 1990, requests for new ICF/MR programs were typically discouraged and not approved as the state shifted its focus to the person-based Medicaid Waiver approach instead of the facility-based ICF/MR approach.

However, the growing waiting lists for services and the restricted funding for Medicaid Waiver services influenced a change in thinking. In the last two years renewed interest has resulted in several requests statewide to develop small community ICF/MR programs by other CSBs and private providers. In Northern Virginia, Community Residences Inc applied for and was granted approval in 2003 to convert two Medicaid Waiver group homes into ICF/MR programs. Each individual who moves into an ICF/MR is eligible to have services paid for in full by Medicaid, thus either freeing up any CSB funds previously expended for that individual or, if the individual has a Medicaid Waiver slot, freeing up a slot to be reassigned.

So far, the majority of service providers in Northern Virginia have been unwilling to pursue ICF/MR development for three main reasons: intensive regulatory compliance and staffing requirements, significant fiscal investment up front and on-going problems related to workforce issues. The regulatory requirements are much more stringent and demanding, with many direct and indirect costs associated with compliance, particularly in required staffing levels that require clinically licensed personnel in addition to direct care staff. This is a hardship for many smaller providers and for providers who are cash strapped due to inadequate Medicaid Waiver rates and increasing costs of providing services. In addition, providers must have adequate infrastructure and resources in order to maintain the billing and other required documentation and to prepare an annual cost reporting to ensure reimbursement.

One change that might attract more interest from private providers is the elimination of the costly and time-consuming Certificate of Public Need (COPN) requirement. In February 2004, the Virginia General Assembly passed Senate Bill 197, which removed the requirement for ICF/MR facilities with 12 beds or less to participate in the COPN process, in order to facilitate the development of ICF/MR programs to serve individuals currently in state facilities.

ICF/MRs offer an entitlement-funded alternative for serving individuals with disabilities. If private providers continue not to be interested in pursuing this program option, it may be feasible for the CSB to operate an ICF/MR directly by converting one or more existing group homes. Because any individual eligible for the Medicaid Waiver would also meet the criteria for the ICF/MR level of care, the size of the MR Waiver wait list (approximately 150 individuals) is a good indication of the number of consumers who might be served. While an ICF/MR

Recommendation

- ***Convert two existing group homes to ICF/MR status in FY 2006.***

could operate at minimal net cost to the CSB once it is operational and receiving reimbursements (a two-year process from application), the potential revenue would have to be weighed against substantial upfront costs for regulatory and facility compliance, specialized staff and professional services procurement. For

the County to convert two existing group homes to ICF/MR status, an estimated six additional positions would be required. The cost of these positions would be fully covered by Medicaid reimbursements.

3. Fees for Day Services

CSB MR Services currently does not assess a fee for day support or employment programs, due primarily to the exclusion of parental responsibility for the charges, the very low incomes of most individuals and the high cost of administering such a fee.

A review of data collected regionally among the other four CSBs in Northern Virginia (Arlington, Alexandria, Loudoun, and Prince William) revealed significant variation in fee policies. In all four jurisdictions, however, actual collection of the fees is generally less than the amount assessed due to sliding fee scales or negotiated payment schedules based on the consumer's ability to pay. In addition, the actual amount collected represents only a small percentage of the actual cost of the service, generally estimated to be less than 4% of the full cost. When the cost to administer the fee is taken into consideration, fees for these services typically result in a nominal amount of revenue. Table 6 summarizes the fee policies in other Northern Virginia jurisdictions.

Table 6: Comparison of Day Service Fee Policies				
	Arlington	Alexandria	Loudoun	Prince William
Fees Charged for:	<ul style="list-style-type: none"> • Day Support • Group Supported Employment • Sheltered Employment • Pre-Vocational Employment 	<ul style="list-style-type: none"> • Group Supported Employment • Sheltered Employment • Individual Employment 	<ul style="list-style-type: none"> • Individual Employment 	Does Not Charge Fees for Day Services
Fee Based on Income of:	Consumer only	Consumer only	Consumer only	n/a
Type of Fee:	Daily/Monthly Fee on a Sliding Scale with Negotiated Ability-to-Pay	Daily Fee Based on the Full Cost, with a Sliding Scale and Negotiated Ability-to-Pay	One-Time Job Placement Fee	n/a
Amount of Fee:	<ul style="list-style-type: none"> • Incomes under \$16,690: \$4/day; \$80/month • Higher incomes: \$4-10/day; \$80-200/month 	<ul style="list-style-type: none"> • Incomes under \$11,168: No Fee • Higher incomes: \$16-103/day 	\$100 Flat Fee	n/a

Staff recommends that the CSB Board explore establishing a fee for day support services. This change in fee policy could affect approximately 300 non-Medicaid day program clients. The fee would not apply to the approximately two-thirds of MR day service consumers who receive Medicaid funding or residential services. Potential revenue from the fee would be offset by staff and/or contract costs to identify and contact affected families, to assist participating families with the Social Security documentation process, and to administer and collect the fees in the CSB reimbursement unit. The initial fiscal impact of a proposed fee likely would not be realized until FY 2006, with incremental revenue growth each year as new graduates enter the system.

Recommendations

- ***Direct the CSB Fee Policy Committee to explore establishing new fees for day support services.***
- ***Provide for benefits planning assistance to help families apply for the maximum SSI benefit on behalf of consumers.***

If the CSB were to establish a fee for day services, the fee could be offset for many individuals by documenting the increased expenses and increasing their SSI benefit. Most individuals receiving services receive federal disability benefits such as SSI up to a maximum amount of \$564 per month depending on the level of disability and the amount of documented expenses. It is likely that many persons receiving day services are not maximizing their

SSI benefits to the full amount and could increase their benefits by documenting rent, utilities and other expenses, including program fees. CSB could explore options to partner with a benefits planning advocacy group to help families apply for the maximum SSI benefit on behalf of the consumers. Table 7 illustrates the potential fiscal impact of such a fee and the offsetting costs to administer it in FY 2006.

Table 7: Estimated Fiscal Impact of a Fee for Day Services (FY 2006)	
Number of Day Program Consumers Affected (Non-Medicaid, non-Residential only)	Approx. 300
Potential Fee Amount	\$100 per month
Maximum Annual Revenue	\$360,000
Estimated Collection Rate	75%
Estimated Annual Revenue	\$270,000
<i>Less:</i>	
<i>Annual Administrative Costs (1 SYE)</i>	<i>- \$40,500</i>
<i>Contract Amount for Benefits Planning Partner</i>	<i>- \$50,000</i>
Total Cost:	\$90,500
Estimated Net Annual Revenue	\$ 179,500
Estimated Average Annual Increment	\$ 36,000

4. Other Federal, State or Local Programs

Federal Programs

During the past 20 years, Congress has adopted several other work incentives for SSI beneficiaries, including the Plan for Achieving Self Support (PASS), Section 1619, the \$1 for \$2 benefit offset, and most recently, the Ticket to Work program. These incentive programs are intended to increase beneficiaries' choices for rehabilitation and vocational services, remove barriers that require people with disabilities to choose between health care coverage and work, and ensure that more Americans with disabilities have opportunities to work and lessen their dependence on public benefits. The work incentives enable beneficiaries to set aside funds to use in reaching vocational goals without affecting benefit amounts or to retain Social Security and medical benefits while working or developing employment skills.

Although these programs are a viable source of support for graduates who are able to work with limited or moderate supports, incentives such as the PASS and Ticket-to-Work are widely accepted as underutilized and poorly understood by recipients and service providers. Reasons for continued underutilization of the work incentives may include their inherent complexity, fear of losing cash or

health benefits, and a lack of outreach and technical assistance.^{7,8} In April 2003, a federal Advisory Panel found that the Ticket to Work program is often infeasible for SSI beneficiaries who must retain some level of benefits in order to live independently in the community, particularly those with developmental disabilities or mental health conditions. Because employment providers participating in the program are paid outcome payments only when the beneficiary receives zero cash benefits, they risk not receiving payment for the services they provide to individuals with more extensive disabilities.

Therefore, SSI beneficiaries who need to retain partial cash benefits often cannot benefit from the Ticket Program.⁹ The PASS program has the potential to provide a significant set-aside of funds for coaching or transportation needed to reach an employment goal; however, to be substantial, students would need to initiate the set-aside several years prior to leaving school. Further, the plan requires a vocational goal and services that necessarily would require initiation/involvement from the Schools and the Department of Rehabilitative Services. In addition, there is no certainty that set-aside funds would reduce CSB costs as they may be used by a consumer to pay the client fees charged by the CSB for services.

Recommendations

- ***Working through the cooperative agreement with the schools and DRS, encourage the use of work incentive programs such as the Plan for Achieving Self Support (PASS) as a resource for students preparing to graduate.***
- ***Explore the use of automated tools to help families make the best use of federal and state work incentives and benefits.***

While CSB has not had the case management capacity to provide the level of ongoing support required to assist graduates in developing their plan, meeting the program requirements and managing the set-aside funds, the potential of PASS as a resource may be something that the CSB, Schools, and DRS could jointly investigate through their multiple agency cooperative agreement. A potential tool to aid in this process is WorkWORLD© software, a free decision support software for personal computers that is designed to be used by people with disabilities, advocates, benefit counselors, and others. The software helps people find employment-based paths to higher net income through the best use of Federal and State work incentives and benefits. WorkWORLD© takes into account the complex interaction of earnings, benefit programs, and work incentives to provide individualized recommendations for safe options as well as alerts to possible problems. It calculates the effects on net income of trying different paths to independence. The Commonwealth of Virginia in support of the

⁷ Berry, Hugh. *Analyzing a Work Incentive: The Plan for Achieving Self-Support and School-To-Work Transition*, U.S. Department of Education, Office of Special Education and Rehabilitative Services School, George Washington University, May 1998.

⁸ U.S. General Accounting Office, *Special Education: Federal Actions Can Assist States in Improving Postsecondary Outcomes for Youth*, GAO-03-773 (Washington D.C.: July 2003)

⁹ Ticket To Work And Work Incentives Advisory Panel, *Annual Report To The President And Congress*, April 2003

Olmstead Task Force (final report and findings completed July 2003) received a grant that in part sponsored "updating" WorkWORLD© software to include Virginia specific benefits and programs.

State and Local Programs

Virginia's Department of Rehabilitative Services (DRS) provides funding for a range of job training and support services to individuals with disabilities. Because DRS is not a source of long-term funding support, it has not been viewed as an appropriate match for many consumers with mental retardation. CSB is actively working to increase the utilization of job training and support services funded by the state by teaming with DRS in training case managers in DRS services and procedures and increasing DRS staff's understanding of CSB services and procedures.

For individuals who are able to work with minimal ongoing supports, the locally operated Cooperative Employment Program (CEP) offers a low-cost option for flexible employment support. The CEP is jointly funded and operated by the Department of Rehabilitative Services and the CSB. Using an individualized approach, program staff assess skill, analyze job requirements, and provide on-the-job training for individuals and disability awareness training for employers. Extensive follow-up services are provided to ensure the success of the job placement. The CEP is operating near capacity at current staffing levels. If this low-cost and effective program is to grow and meet the projected demand, approximately three additional contracted employment specialists will be needed over the coming five years.

5. Private Pay Options

As reported in the *2002 Joint Study on Services for School Graduates with Mental Retardation*, the issue of parental participation in funding the MR Special Education Graduates program is a sensitive and complex issue that has been examined periodically over the years by the CSB. Parental participation has been approached in the context of the Code of Virginia, Section 37.1-202.1. In essence, the Code states that parents are not responsible for the expenses of services provided by a CSB to their child "who is crippled or otherwise incapacitated from earning a living" when the "consumer, regardless of age, qualifies for and is receiving aid under a federal or state program of assistance to the blind and disabled." Virtually all of the persons with mental retardation served by or through the CSB are recipients of Supplemental Security Income (SSI), a federal program of assistance for the disabled. Therefore, the State Code has commonly been interpreted as exempting parents from liability for the expense of serving their son or daughter through a CSB. The Fairfax-Falls Church CSB has historically honored the exemption in its own fee policy and regulations, which specifically state that:

All persons age 18 or older shall be treated as independent adults. Parents of adult children with disabilities are not liable for fees for services to their children, except in the following instances: (a) cost-share residential programs; and (b) third party payments for clients covered by an insurance policy held by a parent or guardian. (CSB Policy 2120 and Regulation 2120.1)

In response to the Board of Supervisors' request to study this issue further, the County Attorney was asked to review this matter, in particular whether the CSB could charge a fee to the parents of an adult consumer with mental retardation who is incapacitated from earning a living and receives Supplemental Social Security payments. While there is not a great deal of litigation on this issue, in the few decisions that have been rendered the Courts have ruled that the meaning of Virginia Code Section 37.1 - 202.1 is clear and unambiguous, and that a fee may not be charged to the parents of such consumers.

Because they are not entitlements, the County is not mandated to provide any day support or employment services, regardless of their benefit to consumers and families. However, nothing precludes families from privately purchasing services for their adult son or daughter from the same array of providers that contract with the CSB. There are no contractual prohibitions for vendors to arrange service contracts directly with individual consumers if the County is not funding that individual's services. In the event that County funding is not available or an individual is not eligible for County funding (i.e., based on age, risk, or need), private pay may be the only available option for accessing day support services. The CSB will work with families and vendors to inform them of these options. Service arrangements and rates would be negotiated directly between each family and the individual service provider.

Recommendation

- ***Work with vendors to encourage consideration of private pay options for individuals for whom County funding is not available.***

6. Local Funding

As of November 2003, CSB was using local funds to purchase day services and transportation for approximately 764 individuals, or approximately 70 percent of the total adult mental retardation services caseload of 1,098 individuals. For the roughly 30 percent of individuals who are funded primarily by Medicaid, the CSB uses local funds to purchase necessary services for which Medicaid will not reimburse.

Of those persons receiving local funding, approximately 150 are eligible for the Medicaid Waiver and are on the Waiver waiting list. As they receive Waiver slots through new allocations or attrition, the local funds used to serve them may be "recycled" for incoming graduates or for the other 25 persons already on a

waiting list for services. The CSB will continue to fund new graduates and individuals waiting for services by reinvesting local funds that are freed up by attrition and by the allocation of new MR Waiver slots.

Over the last seven years, local funding for Mental Retardation Services has grown by 56 percent, or approximately seven percent each year. Local funding for other CSB program areas has grown by a similar or greater proportion. Because total funding for the CSB was not capped, there is no indication that the service needs of the MR school graduates had an adverse impact on any other CSB program or disability area. Had external funding constraints been in place, MR graduate funding would likely have been prioritized with other CSB program areas.

V. Utilization Management Strategies

The CSB applies utilization management strategies both at the systemic level and at the individual level. At the systemic level, CSB Contract and Vocational Services staff, in collaboration with private vendors, ensures the availability of an array of services conducive to individual choice and overall affordability. This array of services is regularly evaluated so that service provision is matched to system needs. Alternative funding sources, including Medicaid and DRS, enhance CSB's ability to serve eligible persons. In addition, CSB has also developed a standard set of service definitions for case managers to use in selecting and reviewing services and for vendors to use in describing the services they offer. This increased clarity will facilitate appropriate services matches for consumers and will ease comparisons across programs for efficiency and effectiveness.

At the individual level, CSB case managers regularly evaluate the services provided and adjust service intensity as necessary, regardless of the source of funding for an individual's day support or the service level required. This oversight process ensures that services are utilized effectively and efficiently, and that no one receives either more or less services than necessary.

Many individuals who receive day support services depend on transportation services provided by FASTRAN or other specialized transportation services provided by both public and private providers. While Medicaid funds are used to provide FASTRAN services for day support consumers with a Medicaid Waiver, the County historically has funded transportation for many others. FASTRAN services are provided for those individuals who, because of their disability, are unable to take public transportation and are unable to be transported safely and on a daily basis by their parents or caregivers. The criteria for determining need for FASTRAN and other

Recommendations

- ***Continue to apply utilization management techniques to ensure that the appropriate mix and level of services are provided.***
- ***Provide County-funded transportation only when a consumer has no other source of transportation available.***

specialized transportation has been reviewed and revised in recent years, in an effort to ensure that it is provided to only those who truly need this service and who have no other viable option.

Individuals who currently receive FASTRAN services should be re-assessed to determine if their current needs and day support placements could result in other less-costly transportation options. The intent would not be to discontinue services for those who really have no other options, but to re-evaluate individual needs and to offer alternative options if available. For example, some individuals, who may have initially required FASTRAN because of inability to take public transportation, may now be a candidate for public transportation given accessibility of bus routes and sufficient travel training by qualified staff who know the individuals. Private day support providers could be enlisted to help assess the individuals' abilities and to provide travel training to those who demonstrate the potential to now travel more independently and safely. Although it is not possible to predict with any accuracy the savings to be achieved, it is important to note that any savings realized could be used to provide services to new individuals in need or to be applied as cost savings within current year actual spending and reconciliation.

VI. Maximizing Entrepreneurial Opportunities in Service Delivery

As stated in Section III, day service providers receive revenue from a variety of sources,

Recommendations

- ***Continue to ensure that vendors have the contractual flexibility needed to develop entrepreneurial opportunities and other revenue streams, so that they can meet a wide range of consumer needs and preferences.***
- ***Continue to work with vendors to explore ways to reduce County costs and leverage existing funding including reviewing the types and structure of day programs.***

including Medicaid, private sector and government contract sales, DRS, DMHMRSAS, and local CSBs. The variety of customers, coupled with government incentives to contract with disability-service providers, offers opportunities for entrepreneurial freedom and creativity. By maximizing contract revenues, vendors are able to redirect resources to non-revenue producing services for more intensely disabled consumers. The CSB has taken an aggressive approach to building partnerships that provide sufficient flexibility for vendors to leverage and maximize their funding from all sources, including the County, to grow their programs and serve more consumers. Over the past several years, the system has become much more sophisticated in taking advantage of such opportunities. While it is unclear how much additional progress is feasible at this time, the County and its partners are alert to the possibilities.

CSB has explored several options with vendors for leveraging local funding or reducing local costs. Because Medicaid is billed in three-hour units, some vendors have explored billing for a seventh hour, which would bring in a third unit of reimbursement

instead of the usual six-hour/two-unit program day. While this strategy theoretically creates additional revenues and partially compensates for low Medicaid reimbursement rates, the funds would accrue directly to the vendors and not to the County. Billing for an additional hour also brings added staff costs and pushes return trips into rush hour, which increases transportation time. The CSB is also exploring the possibility of purchasing fewer locally funded units, through shorter days, shorter weeks, or mandatory summer or holiday breaks. It is unclear, however, whether this is a viable option to lower County costs, because fixed vendor costs could result in higher rates, FASTRAN may be unavailable at mid-day, and a shorter day would place added demands on the family care givers.

VII. Summary of Significant Findings

- 1) As of December 31, 2003, 1,097 individuals were served in day service programs, 33 percent of whom are covered by Medicaid. An additional 29 persons were on the waiting list for day services.
- 2) Three hundred and sixty-eight (368) students who are expected to leave the Fairfax County Public Schools over the next 5 years will be eligible for CSB day services and will require support for these services.
- 3) Of the 1,985 individuals with mental retardation who received services from the CSB in FY 2003, 86 percent were adults and the vast majority (90 percent) had incomes under \$10,000 per year.
- 4) The lack of Waiver slots has resulted in a rapid increase in the number of individuals on the waiting list for residential, day and other Waiver-funded services, regardless of their Waiver eligibility status. From January 2003 to February 2004, the number of individuals on the waiting list increased by 18%. As of February 2004, there were 747 individuals on the waiting list, 439 of whom are eligible for the MR Waiver. Of these, 151 meet the State's criteria for urgent need. Of the 308 people on the list who are not Waiver-eligible, 174 meet the urgent need criteria. Individuals on the Waiver waiting list may be receiving County-funded day services.
- 5) Currently there are 155 consumers funded by Fairfax County for day services who are eligible for MR Waiver funding. The annual savings to Fairfax County would be \$2.32 million if these eligible consumers received MR Waiver funding.
- 6) Case management is a necessary and critical component of the service system. Adequate case management capacity ensures accurate service planning and placement, efficient service utilization, and maximum drawdown of state and federal funds. With sufficient capacity, case management is fully reimbursable through the Medicaid SPO or MR Waiver programs. Approximately one additional case manager each year is required to cover caseload growth

- 7) Mental Retardation Services experiences on average 15 to 20 cases each year of individuals in emergency situations who are in need of long-term housing and support. Typically, the only means of procuring services to handle these emergency requests has been slots made available through attrition, i.e. when an existing Medicaid Waiver recipient dies, moves into a Medicaid funded nursing home or other non-licensed facility, or moves out of Virginia.
- 8) Medicaid services are reimbursed at set hourly rates established in 1991, the first year of Virginia's Medicaid Waiver program, and raised only minimally since that time. Rates of reimbursement for Medicaid Waiver services are inadequate and do not reflect the current actual costs of services in today's economy. Many necessary services are not covered by Medicaid or have such restrictive reimbursement rules that the services are cost-prohibitive for providers to offer.
- 9) One source of new funding for new graduates and individuals waiting for services is the reallocation of local funds that are freed up by attrition and new MR Waiver slots.
- 10) The CSB Fee Policy follows the State Code in determining that parents of adult children with disabilities are not liable for fees for day or employment services to their children. In the event, however, that County funding is not available or an individual is not eligible for County funding, nothing precludes families from privately purchasing services for their adult son or daughter from the same array of providers that contract with the CSB. In some cases, private pay may be the only available option for accessing day support services.
- 11) Three of the four other Northern Virginia CSBs charge consumers a fee for day services, either on a sliding scale or with a one-time flat fee. Because of the low incomes of most consumers, however, the amount collected is nominal and varies between 1% and 4% of the actual cost of the service.
- 12) Over the last seven years, local funding for Mental Retardation Services has grown by 56 percent. Local funding for other CSB program areas has grown by a similar or greater proportion.
- 13) The Cooperative Employment Program (CEP) is a low-cost and flexible choice for graduates who are ready to work. If this program is to grow and meet the demand, additional employment specialists will be needed.
- 14) After exploring several options with vendors to reduce local costs, such as billing Medicaid for longer days, purchasing fewer service hours, or imposing breaks in service, CSB staff found that none of the options offered a viable opportunity to lower County costs.

VIII. Summary of Recommendations

While the primary purpose of this study was to examine ways to reduce reliance on County funding, the study has resulted in progress toward several complementary goals: to improve the efficiency and effectiveness of the service delivery system; to support consumers and family caregivers in planning their educational program and post-secondary career; and to maintain high quality services. This section summarizes the recommendations contained in the report in the context of these four goals.

1) Reduce Reliance on County Funding

- a)** Maximize Medicaid funding by ensuring sufficient case management capacity to maximize reimbursements.
- b)** Limit eligibility for local funding for day services only to those graduates who are 22 or older. Students who are age 18-21 may choose to graduate, but will not receive priority for local funding.
- c)** Support statewide advocacy efforts to obtain more Waiver slots and state funding for those who are not eligible for Medicaid.
- d)** Convert two existing group homes to ICF/MR status in FY 2006.
- e)** Clarify the CSB's service population policy to match the state's priority populations, to include those persons with mental retardation only or those persons with mental retardation and autism/developmental disability.
- f)** Direct the CSB Fee Policy Committee to explore establishing new fees for day support services. The fiscal impact of a proposed fee would not be realized until FY 2006 at the earliest.
- g)** Working through the cooperative agreement with the schools and DRS, encourage the use of work incentive programs such as the Plan for Achieving Self Support (PASS) as a resource for students preparing to graduate.
- h)** Continue to ensure that vendors have the contractual flexibility needed to develop entrepreneurial opportunities and other revenue streams, so that they can meet a wide range of consumer needs and preferences.
- i)** Provide County-funded transportation only when a consumer has no other source of transportation available.
- j)** Work with vendors to encourage consideration of private pay options for families for whom County funding is not available

2) Improve the Efficiency and Effectiveness of Service Delivery

- a)** Accelerate the planning process so that service need and eligibility assessments will be completed no later than 25 months prior to the student's completion of school.
- b)** Develop a new assessment tool to better assess individual risk and day support needs.
- c)** Continue to work with vendors to explore ways to reduce County costs and leverage existing funding, including reviewing the types and structure of day programs.

- d) Continue to apply utilization management techniques to ensure that the appropriate mix and level of services are provided.

3) Support Consumers and Family Caregivers

- a) Accelerate the planning process so that service need and eligibility assessments will be completed no later than 25 months prior to the student's completion of school (allowing families and the schools more time for planning prior to graduation).
- b) Prioritize the use of additional Medicaid Waiver slots and any new County funding to provide services for those individuals most in need of services, taking into account their level of disability and their family support network.
- c) Provide for benefits planning assistance to help families apply for the maximum SSI benefit on behalf of consumers.
- d) Explore the use of automated tools to help families make the best use of federal and state work incentives and benefits.

4) Maintain High Quality Services

- a) Support efforts to increase reimbursement rates and implement Medicaid reforms.
- b) Maximize Medicaid funding by encouraging conversion to ICF/MR status where feasible.

IX. Estimated Fiscal Impact of Proposed Strategies

Table 8 compares the County's revised five-year estimate of the number of school graduates and the projected costs of services with the original five-year projections (which were shown in Table 3). The lower section of the table illustrates the estimated costs after applying the cost saving strategies detailed in this report. Estimated savings average approximately \$643,000 per year. The revised projections are **estimates only** and reflect the following assumptions (with the related Recommendation indicated in italics):

1. There will be fewer graduates eligible for local funding for day services due to limiting eligibility only to those graduates who are 22 or older. *Recommendation 1(b)*
2. During active eligibility determination in the accelerated transition process, approximately seven percent of the graduates projected for each year will be found ineligible for services, will move out of the county, or will not be interested in pursuing services. *Recommendations 2(a), 2(b)*
3. Each year, approximately seven incoming graduates will be funded with "recycled" County funding (i.e., County funding made available by natural program attrition or new slots for existing consumers). *Recommendation 3(b)*

4. New or converted ICF/MRs will open in FY 2007 and FY 2009, serving five individuals each. While new graduates may be among those served, placement of an existing consumer would free either a Waiver slot or County funds to “recycle” for new graduate funding. *Recommendation 1(d)*
5. Approximately ten percent of consumers receiving Individual Supported Employment will take advantage of work incentive programs to pay for their services. *Recommendation 1(g) and 3(d)*
6. Day service costs will be partially offset by fee revenue beginning in FY 2006 (While fee revenue will be annual, there is a one-year impact on cumulative costs.) *Recommendation 1(f) and 3(c)*
7. The cost of approximately one additional case management position each year may be reimbursed through Medicaid SPO or MR Waiver billing, provided that a new position is added each year. *Recommendation 1(a)*
8. Transportation will be provided only for those individuals with no other means of transport. (The original projection included transportation for all consumers except those receiving Individual Supported Employment or CEP. Revised projections assume that only 50 percent of the remaining consumers will need transportation, either because they will be Medicaid-funded or because they will have other means of transportation.) *Recommendation 1(i)*

Should the Board of Supervisors concur, the CSB will proceed expeditiously to implement these recommendations and monitor their implementation. If adjustments are needed, the CSB will report back to the Board of Supervisors as necessary.

**Table 8: Estimated Expenditures for Special Education Graduates:
Comparison of Original Projections and February 2004 Projections
(Showing Fiscal Impact of Cost Saving Strategies)**

Fiscal Year	Number of New Special Education Graduates	Breakdown of County Funding for New Graduates, FY 2005 to FY 2009			Total Annual Funding for New Graduates	Cumulative Baseline Budget Funding for All New and Former Graduates
		Case Management	Day Services	Transportation		
Historical Expenditures (as presented in Table 3)						
FY 2001	87				\$ 1,267,394	\$ 13,320,038
FY 2002	88				\$ 1,438,921	\$ 14,758,959
FY 2003	94				\$ 1,373,033	\$ 16,131,992
FY 2004	81/19*				\$ 359,000*	\$ 16,490,992
Original Projections, June 2003 (as presented in Table 3)						
FY 2005	79	\$ 55,850	\$ 1,049,200	\$ 467,500	\$ 1,572,550	\$ 18,063,542
FY 2006	101	\$ 55,850	\$ 1,247,150	\$ 501,500	\$ 1,804,500	\$ 19,868,042
FY 2007	93	\$ 55,850	\$ 1,247,200	\$ 493,000	\$ 1,796,050	\$ 21,664,092
FY 2008	87	\$ 55,850	\$ 1,161,800	\$ 484,500	\$ 1,702,150	\$ 23,366,242
FY 2009	84	\$ 55,850	\$ 1,139,900	\$ 467,500	\$ 1,663,250	\$ 25,029,492
Revised Projections, February 2004						
FY 2005	55	1.0 SYE / \$0	\$ 791,050	\$ 208,250	\$ 999,300	\$ 17,490,292
FY 2006	74	1.0 SYE / \$0	\$ 624,150	\$ 250,750	\$ 874,900	\$ 18,365,192
FY 2007	74	1.0 SYE / \$0	\$ 824,150	\$ 246,500	\$ 1,070,650	\$ 19,435,842
FY 2008	82	1.0 SYE / \$0	\$ 952,100	\$ 242,250	\$ 1,194,350	\$ 20,630,192
FY 2009	83	1.0 SYE / \$0	\$ 949,750	\$ 233,750	\$ 1,183,500	\$ 21,813,692

* In FY 2004, County funding was provided to serve only 19 graduates. Of the remaining 62 individuals, 33 students were under age 22 and deferred graduation and 29 were served through a variety of other funding sources. Out-year cost projections are in FY 2005 dollars and have not been adjusted for inflation or contract rate adjustments.

APPENDIX A

Acknowledgements

The following Fairfax County staff contributed to this report:

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APPENDIX B

Joint Study on Services for School Graduates with Mental Retardation (October 2002)

SIGNIFICANT FINDINGS

- Federal legislation supports transition services for special education students. A combination of federal, state and local funds is used to provide services.
- Virginia legislation requires CSBs to collaborate with schools to provide transition services while the consumer is still in school, but the State does not routinely pay for these services.
- All local jurisdictions are required by State Code to contribute local funds to CSBs for community services, but Fairfax County contributes a higher percentage than most other jurisdictions.
- Future needs of Fairfax County school graduates are based on data that reliably predicts both the count and the level of needs of these students.
- Four hundred forty students who are expected to leave the Fairfax County Public Schools over the next 5 years will be eligible for CSB day services and require support for these services. The CSB will need additional funds to pay for services for 410 of the 440 graduates.
- As of July 2002, 1,029 consumers receive day services, 33% of whom are covered by Medicaid.
- Consumers must have transportation to get to and from day support services. Transportation could be provided by a variety of sources, including the family.
- There is a concurrent facility requirement to day support services for those with the most severe disabilities. The new West County Developmental Center is projected to be at full capacity in 5 years. However, supported employment programs will not require new facilities.
- Of the 1,716 individuals with mental retardation who received services from the CSB in FY2001, 68% were adults and the majority (90%) had incomes under \$10,000 per year.
- Since individuals living in residential programs currently contribute 65% of their income for their residential supports, implementing a fee for day support or employment services would primarily affect those adults who live with their parents.

- Individuals living at home and using FASTRAN contribute 25% of their income as their transportation fee.
- According to a study reported in the *American Journal on Mental Retardation* in 1994, families spend an average of 20% of their pretax annual income on unreimbursed expenses for their adult relative with MR.
- An informal inquiry found that six of 12 CSBs have no wait list to serve graduates in day programs. Of the remaining six that have wait lists for graduates, only two have a wait list that exceeds 12 months.
- Of 18 CSBs asked to complete a survey, half said that they charge the individual, family or both for day support services. However, the fees collected vary between 1% to 4% of the cost of the service.
- In order to maximize Medicaid funding for people in day services, additional MR Waiver slots must be made available to accommodate the wait list. There are 160 consumers funded by Fairfax County for day services who are eligible for MR Waiver funding. The annual savings to Fairfax County would be \$2.4 million if these eligible consumers received MR Waiver funding.
- If MR Waiver funds were available for 160 Medicaid-eligible consumers, FASTRAN could realize additional revenues of over \$360,000.
- Virginia currently has 5,536 MR Waiver slots. If these slots had been allocated according to population, our CSB would have nearly 800 MR Waiver slots instead of the 414 that we currently have.
- The impact of the lack of day support services on consumers and families could be reduced by maximizing Medicaid reimbursement for transportation, increased use of MR Waiver slots, increased fees for services, and the allocation of full or partial County funding.

APPENDIX C

Proposed Timeline for Transition Services

(Please refer to the chart on the next page for age eligibility information)

Age 14 – Schools implement Individualized Transition Plan (ITP) as part of the Individualized Education Plan (IEP). This is a federal requirement. At the time that a student enters 9th grade, school staff remind students and families that post-secondary services are NOT an entitlement and direct families to contact CSB for eligibility information and to open a case if they do not already have an open case.

Age 17 – Schools include these students as part of the 5 year projection (also including students aged 18, 19, 20 and 21). This projection is provided to the CSB for planning purposes. As the “Age of Majority” is discussed with students and families, they are reminded that students may be eligible for SSI and Medicaid based on their own income (rather than their parents).

Age 18 – Students and families are again reminded to contact the CSB if they do not yet have an open case.

Age 20 – By May 1st of this third to last school year, CSB eligibility will be completed. This eligibility confirms both residency and diagnostic eligibility.

Age 21 – By May 1st of this second to last school year, the student and family identify their post-secondary goal so that the CSB can calculate a fiscal estimate of the cost of proposed service.

Age 22 – By May 1st of the last year, the student and family identify the vendor who will provide the post-secondary service that meets the stated goal.

Age Determining Final Year of Entitled Education

<i>Date of Birth</i>			<i>Age</i>	<i>Year of Completion</i>
October 1, 1982	to	September 30, 1983	21	2005
October 1, 1983	to	September 30, 1984	20	2006
October 1, 1984	to	September 30, 1985	19	2007
October 1, 1985	to	September 30, 1986	18	2008
October 1, 1986	to	September 30, 1987	17	2009
October 1, 1987	to	September 30, 1988	16	2010
October 1, 1988	to	September 30, 1989	15	2011
October 1, 1989	to	September 30, 1990	14	2012
October 1, 1990	to	September 30, 1991	13	2013
October 1, 1991	to	September 30, 1992	12	2014
October 1, 1992	to	September 30, 1993	11	2015
October 1, 1993	to	September 30, 1994	10	2016
October 1, 1994	to	September 30, 1995	9	2017
October 1, 1995	to	September 30, 1996	8	2018
October 1, 1996	to	September 30, 1997	7	2019
October 1, 1997	to	September 30, 1998	6	2020
October 1, 1998	to	September 30, 1999	5	2021
October 1, 1999	to	September 30, 2000	4	2022
October 1, 2000	to	September 30, 2001	3	2023
October 1, 2001	to	September 30, 2002	2	2024
October 1, 2002	to	September 30, 2003	1	2025

If the student is 22 on October 1 or after, the student may continue for the entire school year.

APPENDIX D: Estimated Fairfax County Funding for Special Education Graduates (FY 2005 - FY 2009)
Fairfax-Falls Church Community Services Board

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
June 2003 Original Projections					
Projected Number of Graduates (FCPS, June 2003)	79	101	93	87	84
Total Projected Local Costs, June 2003 Projections	\$1,572,550	\$1,804,500	\$1,796,050	\$1,702,150	\$1,663,250
February 2004 Revised Graduate Projections, Projected Cost Savings and Revised Local Costs					
Assumptions for Reductions and Cost Saving:					
1 Fewer graduates due to limiting eligibility for local funding to those age 22+					
2 Use historical rate of approx 7% of graduates who are ineligible or do not pursue service					
Revised Projection of the Number of Eligible Graduates	55	74	74	82	83
Day Services Savings					
1 & 2 Fewer graduates projected to be eligible for local funding	(\$149,650)	(\$209,300)	(\$153,450)	(\$58,000)	(\$36,600)
3 7 graduates per year funded with "recycled" local dollars	(\$105,000)	(\$105,000)	(\$105,000)	(\$105,000)	(\$105,000)
4 10 consumers served in converted ICF/MRs, open in mid-FY06		(\$125,000)	(\$125,000)		
5 10% of ISE consumers will take advantage of work incentives	(\$3,500)	(\$4,200)	(\$6,300)	(\$9,800)	(\$11,200)
6 Fee revenue beginning in FY2006 with incremental growth		(\$179,500)	(\$33,300)	(\$36,900)	(\$37,350)
Day Services Subtotal	(\$258,150)	(\$623,000)	(\$423,050)	(\$209,700)	(\$190,150)
Case Management Savings					
7 Assuming a position each year, CM costs are recoverable	(\$55,850)	(\$55,850)	(\$55,850)	(\$55,850)	(\$55,850)
Transportation Savings					
8 Transportation funded locally for 50% of consumers	(\$259,250)	(\$250,750)	(\$246,500)	(\$242,250)	(\$233,750)
TOTAL SAVINGS OR COSTS AVOIDED	(\$573,250)	(\$929,600)	(\$725,400)	(\$507,800)	(\$479,750)
TOTAL PROJECTED FAIRFAX COUNTY COSTS, WITHOUT STATE PARTICIPAT	\$999,300	\$874,900	\$1,070,650	\$1,194,350	\$1,183,500
<i>If Virginia made MR Waiver slots and transportation available for 100% of Waiver-eligible graduates each year, Fairfax County costs would be reduced by:</i>					
	(\$495,000)	(\$666,000)	(\$666,000)	(\$738,000)	(\$747,000)
Projected Fairfax County Costs with Full State Participation	\$504,300	\$208,900	\$404,650	\$456,350	\$436,500

Additional savings may be realized as more families pay privately for services

Out-year costs are shown in FY05 constant dollars and have not been adjusted for inflation or contract rate adjustments.